Toward the Living Spirit: Imagining The New School's Transition to a Worker Cooperative Structure

MA Thesis

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Introduction

> "If I propose something distant, you may say: interesting but utopian. If I propose something close, you may answer: feasible but trivial." – Roberto Unger, *Democracy Realized: The Progressive Alternative*[1]

In the oft-recycled speeches delivered at our university's annual orientation or graduation ceremonies, speakers still make the occasional reference to our institution's founding vision. First proposed in a 1937 speech on intellectual freedom, "To the Living Spirit," writer Thomas Mann argued, would galvanize the ideals of the then burgeoning university. In adopting this vision, The New School would pick up the mantle of Germany's oldest and most well-regarded academy, Heidelberg University.[2] The motto was inscribed over the entranceway of one of its great lecture halls for many years. But at the time of Mann's speech, the inscription no longer stood. The Nazis had taken it down, and in doing so, had evicted the living spirit from its home inside the German university. Where better a place than The New School, Mann opined, given its unusual "nature and aims," for this inexorable spirit to make its new home. The Graduate Faculty of Political and Social Science agreed, and so a vision was born for the then "young institute."

Today at The New School, however, we are hard-pressed to see where this inscription stands. Perhaps if we squint it can still be made visible. For a number of reasons varying in complexity, the university struggles to give a home to the living spirit. Students face a mountain of debt, faculty feel unsupported and disenfranchised pursuing their research and teaching, and staff struggle to make sense of an often-dysfunctional work environment. Terms like "community" and "campus" are foreign concepts, only vaguely imagined. There are still many successes, of course. The living spirit of students, faculty, and staff still finds a way: to illuminate with new ideas and rethink old ones, to forge sincere relationships amid insecurities, to carve out at least a small sense of home. That we can do better, however – that there must be a better way to organize ourselves – remains apparent. To anyone who has chosen The New

School for its “progressive legacy” and shortly after arriving wondered, “So where is it?” these sentiments may be all too familiar.

This thesis seeks to explore the question of The New School and its most basic organizational assumptions in order to make a better home for our living spirit. Relying on a framework of worker ownership and democratic governance, this paper suggests that the way in which workers are organized does not only influence our ability to be a place of free thought and emancipatory learning – to be a home for the living spirit – but also determines it. By considering Marxian surplus analysis and revisiting The New School founders’ motives for creating an entirely new institution, this thesis argues for cooperatizing the university -- not as a radical departure from our history, but in fact, as a continuation of it. Such a transition would be quintessentially “New School.”

By re-establishing the university as either an Employee Owned Trust, an Internal-Accounts-based worker cooperative, or through another hybrid model, the New School can cooperatize itself in the short term, relatively simply. A cooperative university, defined as an institution in which the workers who create the surplus of the university also directly appropriate and distribute it, would initiate a fundamental evolution of The New School with profound effects. Through democratic deliberation and shared ownership, the workers who produce the university would be uniquely suited to tackle challenges, from the student debt crisis to income inequality, in new ways. Additionally, The New School could offer higher education a fundamentally different model of organization, while reestablishing itself as a meaningful social experiment committed to and dependent on the living spirit of its students, faculty and staff.

Challenges abound, of course. This thesis remains merely an exercise in thought, only words. No amount of writing can capture the infinite complexities and multitude of dilemmas that would face such a project. Humility is required to embark on this kind of exploration. Yet,

concretizing a vision of what we are aiming for shows us that tangible alternatives do exist. Fundamental transformations are available, actionable, and within reach. The ever-seductive "mood of anti-utopianism masking itself as realism" must respond to the plainness of an actual plan.[3] So, while some may read this thesis as naively utopian, trivial, or both, I hope this imagining evinces other ideals too: those that are practical, achievable, even hopeful.

Framework for Cooperatization: Applying Marxian Surplus Analysis

Contemporary Marxian economic thinking relies on a specific framework for understanding capitalism and determining how to transition out of it. This perspective, called "surplus analysis" as developed by Wolff, Resnick, and others, focuses generally on the surplus produced by workers. Surplus here is defined as an enterprise's yield left over after wages, rents, and all other costs have been paid out in the process of production. Surplus is that which is gained by the enterprise in the course of conducting a profitable business, with which the enterprise can do a variety of things: remunerate employees, invest back into the enterprise, research and develop new technologies, etc. The central questions of Marxian surplus analysis are who appropriates this surplus and how it is controlled and distributed.[4] Within any organization, a Marxian approach identifies and traces the production and distribution of surplus in order to understand the internal operations of an organization. By analyzing how surplus circulates, one can begin to make important arguments, like delineating between different classes of workers, locating organizational power, and potentially transforming companies out of a capitalist model into an alternative structure. As will be discussed later, this analysis also necessitates a rethinking of larger 20th century political and economic histories, with major implications for understanding anew the history and future of socialism.

For the purposes of this paper, surplus analysis provides a clear, new set of meanings for economic terms that are often used but rarely defined. From a surplus analysis perspective,

surplus is the most important consideration for how to define an economic system.[5] Old dimensions commonly thought to delineate capitalism from socialism, then, do not hold in this approach. Specifically, tensions like private property versus shared or state ownership, and free markets versus central planning, are not essential considerations for defining an economic system.[6] These features can exist and have existed in the various forms of capitalism, socialism, feudalism, slavery, and ancient economic systems. So, in surplus analysis, what features delineate capitalism from other economic systems? In short, this perspective holds that capitalism is a system in which surplus is produced by one class of workers but appropriated and controlled by another. In capitalism, certain laborers fashion the means of production and final products for consumption. The value produced from these activities is larger than that which is given back to laborers in the form of wages.[7] The difference between the value of workers' production and the wage given back to them is the surplus. Surplus is collected and controlled not by the laborers, but by the capitalists who employ them.

This definition of capitalism provides a critical framework for understanding the histories of capitalism and socialism in the 20th century. With Marxian surplus analysis, we see a different history of the past century, with a clearer understanding of why transitions beyond capitalism largely failed. Broadly speaking, when socialists and communists came to power and attempted to institute new economic systems, they did not prioritize the control and reorganization of surplus as a basic feature to address in their economies.[8] Over time, communism came to mean an economic system in which state ownership replaced private ownership and in which state planning replaced private markets. This definition became especially true once the Soviet Union was established in 1917, and defined itself as "communist" through these distinctions.[9] For surplus analysis though, nothing about the internal organization of surplus itself was addressed or fundamentally changed by this new definition. Neither alternating between private property or

socialized property, or toggling between free markets or central state planning addresses the basic structure of capitalism. From the perspective of surplus analysis, then, communism in the 20th century fell short of its promise for economic transformation.[10]

Instead, attempts to transition out of capitalism only superficially altered its structure. Revolutionary efforts of the 20th century often took private capitalist systems – in which employers are private citizens who hold no position within the state – and changed them into to a new form of state capitalism, in which state officials were the new employers of state-run enterprises.[11] In this state-run model, however, the basic capitalist form remains intact. The internal organization of production is the same: surplus is produced by one category of workers and then appropriated and distributed by another. Only this latter group determines how and where it is distributed, if at all. Whether these appropriators are state employees or private citizens is irrelevant. Thus, struggles of the 20th century that are often characterized as pitting capitalism against socialism were in fact conflicts among relatively more and less regulated private and state capitalisms.[12] However much political and economic revolutionaries wanted to or thought they had transformed their basic economic condition, they did not in fact take society past capitalism to a real alternative. They only achieved a change in the form of capitalist production itself.[13] The surplus in both examples remained appropriated by a small group of directors, leaving the workers exploited and without a democratic recourse.

In contemporary political economy, Marxian surplus analysis argues for a renewed focus on the internal organization of enterprises and a transition to a cooperative economy. Ultimately, this allows for a genuine transition out of the antagonistic, exploitative relationship between employees and employers in capitalism. Instead of workers' surpluses being appropriated by capitalists, the distinction between worker and capitalist itself collapses into one. In a worker cooperative enterprise, all workers become appropriators, and all appropriators are workers. An

organization relying on this model ensures that no separate group of persons who do not already participate in the productive work of the company can occupy a position of appropriating and directing surplus produced by other workers. Through the cooperative, all workers who produce that organization's surplus function collectively to appropriate and distribute it. They also define and exercise the measures of democratic governance needed to effectively run the enterprise. Workers form their own board of directors, as no external group of investors or shareholders exists to direct them. Workers themselves appropriate and distribute the net revenue, decide on what commodities or services to produce, and how to produce them. They decide what technology to utilize, where to locate their production and distribution, how to organize their laborers, and who to hire to for varying positions, at what salary and with what benefits.

This type of organization, called a workers' self-directed enterprise (WSDE), remains fundamentally different from other types of organizations, even employee-owned or worker-managed enterprises. These other types of enterprises, while sometimes providing more autonomy and self-governance for employees, and even partial or full ownership, still do not fundamentally give control of an enterprise's surplus in a formal and democratic fashion to its workers. Only the workers' self-directed enterprise necessarily transforms the basic economic relationship, by fully democratizing ownership, direction, and distribution of surplus within enterprises. Only through the WSDE is democracy finally grounded economically.[14] Understanding this definitional priority has profound impacts for attempts at social progress. So long as critics of capitalism cannot specify an alternative – other than more or less regulated versions of private or state capitalism – then they cannot inspire a social movement grounded in a tangible alternative economic system. The focus on surplus, and its broader connection to defining an economic system, allows the worker cooperative model to offer a new and enduring

alternative, able to transcend the repeated, failed oscillations between private and state capitalism.[15]

This paper analyzes The New School's transition to a worker-cooperative structure by relying on the surplus analysis framework. In doing so, readers can see how theoretical developments of the past century apply directly to the internal organization of The New School itself. At present, the university is a hierarchically organized enterprise with no employee ownership structure or democratic decision-making processes. The Marxian framework, however, makes clear a tangible alternative method of organizing the university. By transitioning to a cooperative model, the university would allow a host of more equitable and pro-social decisions for all university stakeholders. Cooperatization would initiate a new culture of ownership, grounded democratically and economically, to address challenges and share successes. Such a model brings to light numerous systemic issues in higher education – issues that the capitalist university model is failing to address. To better consider how and why such a transition would be suitable and profoundly impactful for a university, a better understanding of the mechanics of cooperatization is needed. Before diving into these issues, however, a historical look at The New School's founding provides additional context for why cooperatization aligns with the university's history and values.

"Something Entirely New": The Founders' Call for Collective Governance

At the beginning of the 20th century, faculty members at Columbia University were growing increasingly frustrated with the University's administration. Columbia's then president, Nicholas Butler, strongly supported American engagement in World War I, and discouraged dissent among faculty and students. After Congress's official declaration of war in 1917, Butler took formal steps to limit protests.[16] He declared any action or speech opposing the American government's intervention as treasonous. Butler even threatened to fire any faculty member who

launched a political dissent, on campus or off, as he claimed opposition to the war was no longer a matter of free speech but of U.S. policy, and therefore a matter of treason.[17] Of course, to Columbia's political and social theorists at the time, such limitations were unacceptable, even enraging. Butler's decision activated numerous faculty to speak out in favor of intellectual freedom and acknowledge the larger crisis of free speech at the American university. Several of the future founders of The New School spoke up too. James Robinson and Charles Beard, among others, began to think deeply about the state of higher education and consider possible alternatives.

But this new infringement on free speech, while providing the ultimate push needed to mobilize professors, came only after years of other frustrations and limitations that faculty felt had encroached on or even destroyed the essential spirit of a university. Most essential to these frustrations was the notion that universities had corporatized themselves and were attempting to standardize the organic and dynamic process of learning. At Columbia, the firing of psychology professor James Cattell for "treasonous" political activism by Butler exemplified such changes. Cattell was not only an ardent opponent of the war but a vocal and longtime critic of the university structure prior to the free speech issue. Cattell argued the university had morphed into a hierarchical, undemocratic organization that impeded learning by treating all persons involved like factory workers. He believed instead that a university faculty should be completely self-governing and "organized as democratically as American governments."[18] He even published a book entitled *University Control* which advocated "full faculty control and the abolition of administrators and board of trustees."[19] Though Cattell would not go on to teach at The New School like other professors from Columbia, his thinking provided an essential impetus for The New School. His firing, due to both his outspoken calls for academic freedom and vocal

criticisms of university corporatization, "shaped the objectives of the founders of the New School."[20]

Charles Beard, James Robinson, and other faculty who left Columbia understood these issues acutely when they began to consider a "New School." Moreover, they believed the devolution of Butler and Columbia was not an extraordinary problem, but "symptomatic of a much larger [issue] that encompassed all higher education in America and which could only be resolved by creating something entirely new."[21] Hence, these professors left Columbia without seeking new positions at other universities. They set out instead to examine the concept of the conventional university and invent a new one. With that spirit, Charles Beard announced his resignation to students in class, citing the "control of a small and active group of trustees who have no standing in the world of education, who are reactionary and visionless in politics, narrow and medieval in religion."[22] Beard understood that the Board's actions, and their continued support of the president, marked a grave turn in the university's governance. The university's autocratic structure was thwarting the primary function of the school: to cultivate free thought and prepare students for participation in democracy.[23]

So began weekly planning sessions to design and establish a new school. Professors Charles Beard and James Robinson were joined by Herbert Croly, founder of the *New Republic*, Felix Frankfurter, a future U.S. Supreme Court justice, philosopher John Dewey, economist Thorstein Veblen and several other key figures in drafting and distributing "A Proposal for an Independent School of Social Science."[24] Through this document, the group outlined the essential features of its new institution – values purposefully set against the deepening corporatization of other universities. They called for a "New School" that "would lead in emancipating learning from the narrow trammels of lay board of trustees, and would be a spiritual adventure of the utmost significance."[25] Through a cooperative community of scholars,

faculty would "control all institutional policy, including finance, curriculum, and faculty appointments."[26] Dewey and Veblen especially influenced the group. While Dewey called for a university in which students could learn by doing, through a pedagogy that was relevant and practical, Veblen focused his efforts on transforming the structural issues within the university.[27] Like Cattell, Veblen found the growing similarities between universities and corporate businesses disturbing, calling for a renewed community of scholars engaged in free-inquiry. He believed they should operate free of interference from businesslike trustees.

By the time the University began to take shape then, the founders opposed the idea of a creating a governing board at all. After recognizing that the university could not legally secure a charter without listing a Board of Trustees, however, organizers relented and one was established. Even then, four of the eleven members were professors – Charles Beard and James Robinson among them – a highly unusual practice for any university at the time and still today.

Critical to take away from this story of The New School's founding is the overlooked impetus for establishing a new institution at all. The school's founders sought not only to create a home for untrammeled thought, where free speech was prized, but to establish a university demonstratively free from corporate control and autocratic governance. No longer would a business elite disconnected from the university's daily affairs interfere with its pursuits. The founders imagined a school that could govern itself, that practiced and made manifest the same democratic impulses they cherished and developed intellectually. This new form of operating, in which the practice of democracy was enshrined in the structure of the university, represented a perfect marriage of Dewey's philosophy of education and Veblen's democratic commitment.

In other words, The New School was established to be a university run and managed by its workers. The founders understood that a university must be led not by a board, but instead by its faculty and staff. While it is true that the language of the founders refers only to faculty

control generally, their sentiment belies a broader commitment to worker control and collective governance. They make clear that only a university's workers can genuinely understand and make possible the mission of educating students for democracy, not a lay board of trustees. In turn, only workers should be in a position to operate a university.

Sadly, this commitment to self-governance was lost as the university evolved. Following its founding in 1919, the school's brief and extraordinary history in the 1930s and 40s as the "University in Exile," and the later additions of a design school in 1970, a seminar-style liberal arts college in 1985, and various performing arts schools several years later, The New School today resembles most corporately organized universities. While offering a unique amalgamation of degree programs, no exceptional practices or structures make the university notably different from a traditional school like Columbia. Even as faculty throughout the 20th century successfully carried on the rich traditions of continental philosophy and the Frankfurt School of critical theory – both preoccupied with fascism, democracy, and Marxism among other issues – these intellectual pursuits failed to manifest an alternative governance and economic approach for the university.[28] In this sense, the school remains a bastion for free thought, but it has lost its second impetus: cooperative governance. The University as a workplace remains undemocratic and capitalist in form, with a traditional board of trustees. Financially, along with most universities today, The New School is in a race to the bottom: to attract full-paying students, to raise money from philanthropists, to keep up with the growing portfolio of services and amenities offered by other universities, and to market itself as a distinguished, unique institution worthy of its steep tuition. Growing inequity, ballooning healthcare costs, and the decline of state services, most especially the deflating Pell Grant system, have only exacerbated The New School's necessity to compete as a capitalist model. But in failing to venture its own way, and to reconsider its cooperative roots, The New School offers nothing substantially different in higher education

today in practice or form. It has only become increasingly dependent on its capitalist structure. If alive today, the founders of The New School would be deeply disappointed.

The New School Today: A Capitalist Non-Profit Model

No greater disappointment would exist for Beard, Veblen and others than in recognizing the university's now firmly established undemocratic and unilateral governance structure as evidenced by its lay Board of Trustees. Long past are the days when faculty held more than a third of the Board's seats. In fact, no employee, other than the president of the university, can serve as a trustee, and no trustees can receive compensation for their work. No changes are in sight for this model either. At present, per the bylaws, the Board of Trustees manages all "property, affairs and business" of the University. They are the only body empowered to consider and direct the issues of the university, and cooperatization, unsurprisingly, does not appear to be a topic of consideration.

If not faculty or staff, then who are the trustees enabled to govern the university? The New School's approach offers nothing substantially different from other universities. Whereas in a for-profit enterprise the Board of Directors may be composed of external business leaders and shareholders who receive compensation for their board service or own shares of the company, The New School has a traditional non-profit board setup. This means the trustees are largely wealthy philanthropists, who may have expertise in any number of industries, from fashion design to investment banking. Expertise in a field that is strategically advantageous to the university however, while beneficial, is not a requirement for trusteeship. The unwritten but well-understood qualifications to be elected a trustee are two-fold: 1. indicating a strong interest in the mission of the university, and 2. a willingness to support that interest through significant financial contributions to the school. This latter qualification is necessary for non-profits across a variety of sectors, which rely heavily on private philanthropy in order to make possible their

operations. In addition, none of the elected trustees work at the university. They do not have day-to-day responsibilities, or intimate working relationships with managers, faculty, or staff. None receive financial reward for their oversight responsibilities. The board, then, is a purposefully sequestered body. Trustees retain full legal powers to guide the University's most important and essential decisions – its short and long term strategy – affecting thousands of workers and students on a daily basis. But these decisions are motivated not by an immediate impact on the trustees' own livelihoods, or by an intimate understanding of the working conditions of the university. Instead, the university is guided by trustees' generic philanthropic interest in education, and requires of them no specialized skill or knowledge in operating a complex higher educational institution.

In terms of governance, trustees serve as members of the Board and also participate in several standing committees. These committees vary in responsibility and are meant to provide oversight for the most essential operations of the university. They include: the Executive Committee, the Academic Affairs Committee, the Audit and Risk Committee, the Committee on Trusteeship, the Compensation Committee, the Finance Committee, and the Investment Committee. While the Board as a whole retains the capacity to appoint and dismiss the university president, the executive committee exercises the most substantial powers among these bodies. The President, for example, reports to both the Board of Trustees but also the Executive Committee specifically. This committee also reviews and approves the president's compensation. Additionally, they retain the power to review the compensation of any employee at their discretion, and the bylaws make clear that "no person who will benefit from a compensation decision may be present at or otherwise participate in the deliberation or vote of the Executive Committee."[29] In short, employees cannot deliberate on their own compensation. More often, though, the Executive Committee delegates the management of employee compensation to the

president, stipulating that "he or she shall, subject to the approval of the Board of Trustees, appoint and fix the compensation of all members of the faculties and, all other employees of The New School."[30] The other committees assume responsibilities in and oversight over their various fields, and report back through committee chairs to the board as a whole. These committees provide specialized guidance on issues, making recommendations to the board on issues it cannot practically study and discuss as a whole. Together, they make up the main governance bodies of the university among its trustees.

Pertinent to this paper's discussion on surplus analysis, the board as it is currently structured exercises a specific means of organization: the capitalist model. It deliberately disallows any employee from participating in direct decision-making regarding their compensation. Moreover, no employee can participate in executive decisions that outline hiring and firing policies of employees, the strategic priorities of the university, or any of the most fundamental questions that define the experience of working at The New School. In short, there exists no democratic process for staff to provide input on, let alone exercise governance over, decisions that directly impact their work lives. In fact, the bylaws explicitly disallow any such interaction from occurring, by barring employees from serving as trustees. Moreover, because of the structure of the board itself – composed of external supporters who have no direct knowledge of the working conditions, failures, and successes of day-to-day operations at the school – there is a distinct division between employees, on the one hand, and those who retain the power to direct them, on the other. When examined soberly, these divisions present a purposeful, albeit bizarre detachment: the board structure creates a deliberate disowning of responsibility, empowering a small group of individuals with little to no experience or expertise in university matters to decide on the school's most pressing questions and concerns. From a Marxian surplus analysis perspective, this can be translated another way. The trustees extract surplus value from

the workers of the university, appropriate it and distribute it as they see fit.[31] Trustees have final say over how much surplus to extract from laborers (versus that which is given back to workers in the form of wages and other benefits) and where to direct its expenditure. In this sense, in The New School's current formulation, trustees act as the capitalists operating the organization.

In turn, while the university may understand itself as an ivory tower existing outside of capitalism, free from the entanglements of explicitly "for-profit" organizations, a Marxian surplus analysis paints a different story. Capitalism is not merely "affecting the college via external pressures on curriculum and teaching and by the employment of college graduates."[32] Instead, the capitalist form is integral to The New School's current model. Through the governance structure of the university, an antagonistic relationship is created between the surplus-producing workers – the faculty, staff, and management who produce the university's surplus – and a board of trustees who retain the power to appropriate and direct the surplus of these producers. This relationship is exploitative, as the appropriators were not involved in the production of the surplus. From the point of view of surplus analysis, then, The New School is plainly a capitalist organization. One group of workers produces surplus, and another group appropriates it and distributes it.

Yet, the university remains a largely misunderstood and confused entity. Because the university is deemed a "non-profit," questions over who appropriates and directs the surplus are dismissed as irrelevant. Because the university has no investors, it is not typically understood as a capitalist enterprise, comparable to a corporation. But a refocusing on surplus makes clear just how essential the creation, appropriation, and distribution of surplus is to the school. It highlights that the university does not differ from other capitalist enterprises in which people go to work to earn a living, where an undemocratic hierarchy directs decisions, where the overall objective is to provide a specific good or service, and where the organization seeks to remain financially

solvent. Like any capitalist organization, the University must balance its diverse priorities: to exist in perpetuity, provide a reliable income to its employees, fulfill its objective to educate students, consider new services as the field of higher education evolves, etc. Like any organization, The New School must strategize how to best utilize its resources, be they called "profits" or "surplus," to reproduce itself, expand, or contract. While the appropriators of the university's surplus do not personally benefit from this exploitation, the workers, as in any capitalist model, are not empowered to control their production. So they remain exploited. By refocusing on surplus, we see anew this internal organization. It is the capitalist model, in which no collective ownership of or democratic deliberation over surplus exists.

Moving past the less helpful framework of "for-profit" or "non-profit" then, this paper seeks to instead foreground the distinction between a capitalist and cooperative model. From a Marxian perspective, the university is simply another surplus generating enterprise that exploits workers through a capitalist model [See Appendix #1 for an elaboration on this point]. With this understanding we can consider how to disrupt this exploitative dynamic and create a new non-capitalist university structure. By addressing the surplus issue directly, we can imagine an alternative enterprise in which university producers and appropriators are one in the same. Through the principles of democratic self-governance and employee ownership, such a fusion is made possible and tangible. These principles are the cornerstones of the worker self-directed enterprise, or what is more commonly called the worker cooperative.

The Cooperative University as an Alternative Model

The cooperative model allows for the fundamental transformation of the structure of the university. It directly addresses who controls and distributes the surplus. For The New School, this means workers are put into position to both produce and direct the surplus they produce. Only when workers do both can a genuine cooperative be created. The ICA group, a long-

standing and well-respected cooperative advocacy organization, outlines one of the simplest ways to think about a worker co-op: as a “business set up to mirror the structure of a democratic community. The citizens are the people who work in the company.”[33] In a cooperatively organized New School, workers would assume a new role as stewards of the collective work of the university. The resources of the university are no longer deployed autocratically by a non-working Board of Trustees that rents labor to accomplish its unilaterally determined goals. Instead, the laborers of the university compose the board. Workers produce the surplus and collect it, and jointly determine how, when, and where to spend these surpluses for the short and long term. Hence, they both own and democratically operate their organization. This is the fundamental change that must be made if one seeks to genuinely cooperatize The New School.

Such a profound organizational shift results in an equally significant cultural shift. A worker cooperative transforms the university out of a hardened, capitalist hierarchy – in which employees are hired and plugged-in to narrow roles. Instead, the role of the worker in a cooperative is reimagined entirely. Each worker-owner manages their specific duties, but also contributes to the larger direction of the school. They must be prepared to take financial and cultural responsibility for the university’s outcomes, failures and advancements. In this way, the worker cooperative structure implements interdependent principles not present, let alone incentivized, in the university’s current formulation. Moreover, when successes are collectively owned, all workers stand to benefit from the achievements of their colleagues. Workers are encouraged to lend their talents and energies to each other daily, in a way they might now only on exceptional occasions or under unusual circumstances. This new model of interdependence and collaboration fosters a community of collaborative governance and ownership. Institutional priorities are determined democratically, and therefore, with the inherent support and buy-in of at least a majority of the laborers needed to execute them. And regardless of the outcome of a

decision, workers are engaged and consulted in the process – a practice alien to The New School's current governance structure. Thus, in a cooperative university power is diffused but not impotent. It is formally inclusive of every person who works to produce surplus. From a rigid, uncommunicative, and exploitative hierarchy emerges a university that is an ongoing collective construction. Employees that formerly felt little incentive or inspiration to take on projects beyond their own responsibilities now serve as indispensable collaborators of a co-created whole.

Stepping back to imagine what a cooperative university can be, one realizes that, just as no democracy is alike, so too no cooperative need be alike. A collectively owned and operated university is one that considers, facilitates, and constantly renegotiates initiatives and projects as diverse and complex as the laborers who develop and execute them. It implements a principle of equality in which faculty and staff can voice diverse and evolving views on the direction of school. This means that the structures of any cooperative can vary immensely to meet the differing needs of their workers and reflect differences in approaches to ownership and democracy. However, a few general models help shed light on the practicalities of running a cooperative and for imagining a cooperatized New School.

Facilitating Ownership: The Mechanics of the Employee Owned Trust Model

The first step in actualizing a cooperative university is to outline how workers can transition to owners. Having achieved this, we can look ahead to how workers can then exercise democratic self-governance in the workplace, and elaborate on how a cooperative model radically expands the inclusion of stakeholders within the university: from administrative staff and faculty, to student workers, current students, and alumni, and even to external supporters and everyday New Yorkers.

First, though, we must consider a model to facilitate employee ownership. Among the small number of scholars and even smaller number of lawyers actively advising organizations on how to transition to worker cooperatives, Christopher Michael's work stands out for its simplicity. Focusing on US trust law, Michael argues that Employee Owned Trusts, created through perpetual trust laws, are a simple, commonplace structure that "can be achieved today, without any regulatory or legislative changes" to create employee ownership.[34] An Employee Owned Trust for The New School would be a legal entity created to hold the assets and property of the University on behalf of all its employees, who then retain the ultimate right to elect (and therefore direct) those managing the trust, through a one-person, one-vote basis for all worker-owners [See Appendix #2 for a graphic of an EOT].

Several key features are made possible in an Employee Owned Trust model. First, in the EOT version of The New School, all eligible employees would retain the right to direct the university by virtue of working as an employee. A simple measure, like 1 year of full-time service, or a minimum of 2,000 hours of work, could qualify any active employee to participate in voting on the trustees, and therefore participate in the appropriation and direction of the university's surplus. Additionally, an EOT allows employees to not just elect trustees but direct the trustees, too – a power which "can be as narrowly or widely tailored as the [founder of the trust] wishes."[35] In setting up an EOT, then, the university has significant flexibility in determining what decisions employees can control. These powers can range from strategic priorities of the university, to deciding on a substantial sale of assets or a major acquisition, to more limited powers like the election of an executive board and oversight of hiring and firing policies for employees, for example.[36]

In essence, an EOT allows for the creation of a constitutional democracy composed of workers. Through the trust's founding document, or "constitution," the EOT can enforce key

provisions of good governance and financial management that elected trustees would be obligated to meet. For example, the document could require the University "retain a percentage of annual net income as permanent reserves" or "safeguard earnings by fixing base compensation in line with market rates." [37] It could even require the university to meet certain educational goals determined annually, guaranteeing the university fulfill its educational learning.[38] In this way, even if certain questions or issues were put to a popular vote among workers, elected trustees still retain the right to veto select decisions "as instructed by the trust document," to preserve the fiscal integrity or broader mission of the organization, for example.[39] Yet, through democratic trustee elections, an EOT allows for self-governance and direct worker control over how to best meet these obligations. The workers themselves elect and compose the directors that manage the non-revocable trust holding the formal legal title to the university's assets, eschewing a lay board of trustees.[40] In this way, employee-owners, both as voters and as trustees, are empowered to determine how to allocate resources for new initiatives. They are also empowered to review employee pay and personnel decisions and evaluate tuition costs and financial aid, among other priorities. And most essentially, all eligible employees can take part in these democratic decisions. Through an EOT model, then, the distinction between employee and employer collapses into one category: worker-member. All employees both produce surplus and appropriate it by exercising democratic control over the trust.

One interesting movement to contrast with an EOT model is the development and expansion of Employee Stock Ownership Plans (ESOPs) in the US over the past half century. Some might ask why the University would not pursue a restructuring similar to a traditional ESOP transition – now common practice among companies. The short answer is that ESOPs are primarily retirement vehicles. As such, federal law requires ESOPs "to prioritize employees' retirement income at the expense of employees' continued ownership of their business" and

thereby reduces the incentive for perpetual ownership, in contrast to EOT. Whereas ESOPs exist primarily for retirement purposes, EOTs exist primarily to facilitate continued employee ownership and control. Therefore, ESOPs do not encourage nor allow for the same culture of ownership and self-governance as does an EOT.[41] While some ESOPs do promote the values of democratic governance and perpetuity in their operations, by and large, the ESOP program as established under the Employee Retirement Income Security Act (ERISA) of 1974 exists for and to promote tax advantages to owners who want to sell their business to their employees.

Moreover, as Michael notes, in contrast to ESOPs, EOTs are very simple structures, with minimal administrative costs.[42] In an EOT, employees enter into the democratic process of governing the trust, collectively accepting fiduciary responsibility over it once they become "tenured" as owners. In a cooperative university, workers would cease their relationship with the trust upon termination or departure from the university. There are no individual accounts or shares to be bought or sold back to the university in an Employee Owned Trust model, as often is the case in the legally complicated (and therefore costly) ESOP approach. In this sense, in an EOT, employee-owners are "naked in, naked out."[43] Through their employment, the workers earn the right to participate in guiding the trust. They become a part of collectively determining how surpluses are distributed. Once a worker leaves a position, the EOT has no obligation to remunerate them, as they no longer produce the surplus of the school.[44]

Facilitating Ownership: The Mechanics of the Internal Accounts Model

Another model the university could consider adopting to transfer ownership to employees is the approach first developed by the Mondragon Corporation in Spain. Later refined for U.S. organizations by the ICA Group, the "Internal Accounts" model, as it will be called for the purposes of this paper, initiates employee ownership and democratic governance in a different way than an Employee Owned Trust model.

The most relevant feature of the Internal Accounts approach is its primary distinction between membership rights and capital rights for employees. Membership rights are privileges granted to employees through their "act of working."[45] As such, membership rights are initiated as soon as a person begins employment. Typically, the new employee pays a redeemable membership fee. This fee buys the worker one membership share entitling them to vote as a working-member. Some cooperatives charge no fee for these rights, while others charge may charge a nominal fee of $50, while still others may charge fees in the hundreds or thousands of dollars. This all depends on the cooperative's need for capital at that time, as well as a complicated set of other factors. What is key to understand about the membership fee is that it gives the worker a crucial, non-transferable, rights-based share in the cooperative, entitling them to vote and participate in the governance of the enterprise. This share is not a financial mechanism. It exists solely to facilitate the democratic principle of self-governance among workers through rights-based activities (like electing the organization's board of directors, for example), on a one-person, one-vote basis.[46] What also comes with this membership share, however, is the right to an internal capital account with the cooperative.

In contrast to the membership rights, the internal capital account associated with each working-member reflects the worker's ownership of the cooperative. Each member's capital account collects any dividend payments from the cooperative – compensation separate from that employee's salary. These payments result from the net income of the enterprise that year. In other words, the cooperative deposits a dividend into employees' internal capital accounts after the board has covered expenses, paid salaries, and determined how much to retain in a collective capital account. The rest goes to employees' internal capital accounts. In this way, employees' internal capital accounts represent their ownership of the surplus of the cooperative.[47] Through the sum of their individual capital accounts, and their control over the cooperative's collective

capital account, workers own and operate the net worth of the cooperative, and direct its surpluses [See Appendix #3 for a graphic of how surplus flows in an Internal Accounts based model].

Other factors shape the Internal Accounts model too. Depending on salary, length of service, or other factors the cooperative deems relevant, workers may have very different dollar amounts in their accounts. In addition, each year, the cooperative's governing body must determine how much net income to reinvest into the cooperative through its collective capital account, versus how much net income is given out as a dividend to workers, deposited into their individual accounts. In this way, workers may have significantly different balances in their internal capital accounts, based on their significantly different lengths of service, pay, etc. Upon leaving the organization or retiring, an employee's internal account balance can be paid out by the firm over a period of years.[48] Despite the many ways capital ownership can vary across workers, however, these differences do not impede the cooperative's democratic governance structure. Because of the clear distinction between membership rights and capital rights, the democratic governing process remains consistent. All workers maintain an equal status in governance through the one-worker, one-vote principle.[49]

In the Internal Accounts approach, then, we see a slightly different version of how a cooperative university could structure itself. In this model, all employees of the university could qualify for a membership share after having first met a set of criteria – based on their length of service or number of hours of labor provided, for example – just as in the EOT model. But instead of relying heavily on an elected board of trustees to determine employee pay and guide the strategy behind the distribution of the university's net surplus – be it used for better pay or for new investments in the university – an individual capital account would be established for each employee and dividends given out annually, much like year-end bonuses.[50] These dividends

would complement employee salaries, but also provide the direct means for employees owning the fruits of their labor. This model also places a more direct burden on workers as owners, as both positive and negative financial performances by the university would result in increased or decreased values in employees' internal capital accounts. When performing well, dividends may be steady, but at times of less certainty, the university could pull from internal capital accounts to help offset its collective losses or unexpected costs.[51] In this sense, workers own the financial successes and failures of the university as a whole. One can imagine the powerful new incentive for workers to act collectively, efficiently, and responsibly. Through the internal accounts model, a new culture of collective ownership is established, reflecting workers' new interdependent fiscal responsibilities.

Overall then, like the EOT model, the internal accounts approach ensures both employee ownership and democratic control. It provides a new legal structure in which the university can be transformed from a capitalist organization into a new social institution – one in which workers produce and appropriate their own surplus, exercise democratic control over their work life, and collectively determine the short- and long-term direction of the university.

Facilitating Democratic Governance: The Mechanics of Collective Decision-making

Regardless of which ownership model may prove most effective and preferable for a cooperatively-run New School, a reliable democratic governance structure is needed to organize workers. Such a structure will need to facilitate deliberations and translate discussion into clear action. Because every worker brings their own unique history of expertise and experience to any discussion, collective decision-making can be very difficult to execute. Translating diverse perspectives and formalizing them into intelligible decisions is no small task. One can easily imagine the good intentions of a democratic structure crumbling under the weight of its own weak or non-inclusive means for decision-making, which therefore dissolves a worker's sense of

responsibility. Alternatively, cumbersome and lengthy procedures could fail to address looming problems efficiently. How then can an otherwise disparate group of worker-owners be organized into an effective self-governing coalition? How does one begin to organize who makes what decisions in a collectively run university, to guarantee the spirit of self-governance, without also introducing a spirit of exasperation?

Existing worker cooperatives and advocacy groups have been refining answers to these complex governance questions. The ICA group, for example, outlines several easy guidelines to help worker cooperatives ensure good governance, in both structure and practice. Three tests help determine who handles what decisions when. These tests presume the existence of four bodies within a cooperative, all of which exist or could be easily organized in a co-operatized New School. The bodies are: 1) The population of worker-members as a whole; 2) The board of directors, composed of elected worker-members; 3) Committees composed of worker-members, either from the board, from the general population of workers, or a mix of both; 4) Worker-members who also assume supervisory roles over other workers (i.e. management), to effectively execute the day-to-day operations of the enterprise. But how do these bodies best interact? Which bodies make which decisions? How can questions be easily sorted, to be answered by one or several of these bodies? Three hypothetical tests shed light on these questions.

The first means for ensuring strong self-governance is to determine what decisions the elected board makes, versus which decisions are left to the day-to-day managers. Called the "extensiveness" test, this mechanism determines how extensive is the issue at hand.[52] Through this test, cooperatives differentiate between decisions to be made by the board versus by the managers. The extensiveness test assesses how widely, in terms of the number of people, and how substantially, in terms of the financial resources needed, a decision affects the organization. Decisions that are local, of moderate or minor cost, and over a shorter period of time should be

answered by managers. Giving proper authority to managers to make day-to-day operational decisions should be supported. It should not be unchallenged, however. The board should step in and answer questions that affect a large number of workers, that commit a substantial portion of financial resources, and/or affect the co-op for a long period of time. When applied to the university structure then, one can imagine Deans, Associate Deans, and Directors continuing to make numerous day-to-day decisions for various programs, as they do presently. But questions about long-term strategy, major investments in new initiatives, building acquisitions and renovations, launching new programs or the ending old ones, would be guided by the worker-composed board.

Another test recommended for good governance is the significance test. This exercise determines when the board should make a decision, acting on behalf of the population of workers who elected them, versus when working-members as a whole should vote on an issue directly.[53] In a healthy cooperative, only rarely should the board bring votes to the membership as a whole for consultation, because only rarely are the thresholds for the significance test met in a well-run organization. The indicators of the significance test are: 1. Is the direct survival of the co-op at stake in the decision? 2. Does the policy relate to how the co-op hires or terminates members? 3. Does the decision alter the basic mission of the co-operative? If one or more of the following criteria are met, then to ensure democratic control of the cooperative by workers, the board should put the matter to a direct vote among all working-members. This test highlights the power of worker control through direct democratic action by workers, only to be used for matters of utmost urgency. It protects the rights of workers to guide the institution through crises.

Finally, the grievance test exists to protect the rights of workers and ensure that their claims are heard fairly in the case of a dispute. This grievance process also assumes that all other attempts to resolve the problem locally have proven unsuccessful. If a grievance meets any of the

following criteria, it is likely one that should be dealt with by the board directly: 1. a complaint from a violation of existing organizational policy that has still not be resolved; 2. a complaint from a situation for which there is no applicable policy; 3. a complaint questioning the fairness of an existing policy.[54] These criteria highlight that the grievance process serves as a last resort for disputes. Inherent to this process is a respect for workers as owners, in contrast to how the university currently handles disputes. As at-will employees, most non-unionized staff have little to no recourse for disputes with management. Regrettably, disagreements are often solved by termination – regardless of whether the issue at hand was particular to the employee, or a systemic problem left unaddressed by the university. The cooperative model offers a vastly different approach to disputes, with recourse available to all workers as owners and operators.

These three tests are just some of the measures a cooperative New School can utilize to ensure genuine democratic governance. Of course, a newly formed cooperative university will result in numerous situations that cannot be so easily sorted and neatly addressed. These tests, in turn, are not the end-all solution to good governance, but a starting point. They help initiate the creation of The New School's own measures – tests it deems specific and necessary for its identity as a cooperative university – to operate efficiently, effectively, and democratically. The University will also need to allow for a natural evolution and strengthening of best practices to occur, in line with its needs as a cooperative. A culture of cooperative governance takes time to develop, but these tests help to get it started. For these reasons, they are essential in laying the groundwork for a democratically operated university. [See Appendix #4 for a graphic of the distinct governing bodies within a worker cooperative].

Distilling the Concept of the Cooperative University

To summarize these insights, The New School has several paths to cooperatize itself. To facilitate employee ownership, it can pursue either an Employee Owned Trust model, or a

traditional cooperative model through an internal accounts system. Alternatively, the University could draw from both templates, to create its own version of an employee owned organization. Perhaps a cooperatized New School might be guided by a founding document that outlines and protects its key educational priorities, but also could reward employee excellence through an internal accounts system with bonuses distributed at the end of the year if certain targets are met. Whatever employee ownership structure may best fit The New School, the university will still need to develop, practice, and refine the art of democratic self-governance among its workers. The aforementioned extensiveness, significance and grievance tests provide a basic framework through which the university can begin to exercise democratic governance. These practices will need to be expanded and altered as the university itself evolves and matures into a cooperative university. Such governance mechanisms need not be exhaustive and all-encompassing. They only need to sort decisions effectively. Other governance issues – how to communicate decisions, how to collect feedback, how to best leverage workers' expertise – are questions workers can develop and refine collectively on a day-to-day basis.

What emerges through the exercise of imagining a cooperative New School is understanding workers in a fundamentally new way. Potential models and practices make clear that all categories of workers in a cooperative – from administrative support staff and executive leadership; to directors, associate deans, and managers; to security, maintenance and IT personnel; to full-time professors, adjunct faculty, teaching fellows and student workers – have a seat at the table. Through democratic self-governance and employee ownership, all employees of The New School participate in its operations as a cooperative.

Interestingly, some Marxian approaches make a distinction among workers based on their relationship to surplus, dividing them into "productive" and "unproductive" workers. This terminology is not an assessment on the quality or necessity of labor, but instead describes

whether or not workers directly produce surplus. At present some workers at The New School provide more direct services to students through teaching and mentoring, thereby "producing" at least one of the main educational "goods" provided by the university (the academic course). This paper, however, argues that all workers at the university are fundamentally interdependent and subject to the same authority that determines their wages, the university. As all workers' livelihoods are directly determined by this enterprise, and fundamentally interdependent in recreating this authority, they share the same democratic rights to participate in its governance as equals. Whereas non-working students, neighbors and supporters of the university "do not take orders from and are not under the authority of the management" of the university, workers do and are.[55] Only by assigning direct control to people who are "actually governed by (i.e., those who take orders from) the management would a legal structure implement the principle of self-government."[56] Thus, while some Marxian theory makes a distinction between "productive" and "unproductive" workers, arguing that only the former can participate in appropriating surplus, this paper makes no such distinction. All workers should be included in a cooperatized University's governance and ownership. [See Appendix #5 for further details on the distinction between productive and unproductive workers, and its implications].

Finally, this new cooperative leaves space for student workers to assume a previously unimaginable level of participation in the university. Alumni and external supporters, too, can participate in new ways, and the university becomes better positioned to address a variety of other important issues. Up to this point, however, this exploration has been largely hypothetical. To ground this thinking, The New School can be compared to an already existing cooperative university of a comparable size. While markedly different in both its curricular programs and public engagement, this cooperative university actualizes the concepts of shared ownership and

democratic governance. Unsurprisingly, this cooperative university is found in Spain as part of the larger Mondragon network of worker cooperatives.

Mondragon University: A Present Example of a Cooperative University

Located in the Basque region of northeastern Spain, the University of Mondragon was founded in 1997. Connected to the larger network of cooperatives that make up the Mondragon Corporation, the University enrolls almost 5,000 students and employs more than 750 staff, as of 2016.[57] Both of these populations have grown rapidly in the university's brief 20-year history. Jointly owned by the academic and administrative staff, the university is composed of four divisions: Humanities and Education Science; Business; Engineering; and Gastronomic Sciences. The school offers a wide range of degrees, from various bachelors degrees to MBAs, to more specialized programs like a Masters of Cooking Technique and Production program. Moreover, all students of Mondragon University conclude their studies with an applied project in one of the numerous cooperative businesses that compose the Mondragon network, with its 80,000 workers. This applied capstone furthers an existing cooperative's research, while giving students practical training and professional development. The unique success of the Mondragon network, and its university specifically, stems from its steadfast commitment to employee-ownership and democratic governance – a model it has replicated and perfected in a variety of industries over the past century.

Mondragon University is owned by its employees, similar to the cooperative model imagined for the New School. Every worker at the university is an owner and has a personal economic stake in the future of the school. Workers must work at the university for two years before they are eligible to become a member of the cooperative. And because the university relies on an internal accounts model of ownership, workers must make a redeemable investment in the cooperative to join: which in 2012 was 14,000 euros.[58] This ownership model means that

employees directly benefit from the success of the school. If the university's financial results are positive, the governing body of the university is likely to make a dividend payment to internal accounts of employees. But as is the responsibility of any business owner, reductions to accounts may also occur if financial performance is poor and the university needs funds to cover expenses.[59] In this sense, workers of the university must be prepared to assume the genuine responsibility of what it means to be a business owner. The culture of the university reflects this blunt responsibility. Workers understand their collective performance affects their financial results, and therefore, their individual rewards. Of course, if a worker decides they no longer want to be involved in such a model, they are free to withdraw all their investments from their capital account and leave the University.

From this employee ownership model stems a broad culture of democratic decision-making. Each of the four academic divisions of the University operates as its own internal cooperative, with its own governing board – composed of students, workers, and outside supporters. Each school board has the power to appoint the Dean and oversee the activities of an executive board, which is composed of traditional university staff, like directors of academic affairs, student affairs, finance, etc.[60] These boards interact with a broader General Assembly, composed of one-third students, one-third workers, and one-third outside partners, who collectively create four-year strategic plans, an annual management plan, and oversee budgetary matters, among other crucial tasks. A collective attitude informs their approach to pay increases, too. Salaries and raises are determined by looking at a worker's direct activity over the past year in leading projects and successfully building new initiatives. In turn, workers are rewarded for expanding the scope of what their department can accomplish.[61]

These broad divisions – engineering, education, gastronomy, and business – come together to form a similar structure at the university level. The Rector and Vice Rector act as

President and Provost of Mondragon, but do not report to a board of trustees composed of wealthy philanthropists. Instead, they report directly to the faculty, staff, and students themselves. Divisional Deans continue to operate as the de facto CEOs of their faculty, but work with the university leadership to determine university-wide objectives and plans for the coming year, always approved by and in consultation with student, faculty, and staff-populated boards. In all forums, all owning members have an equal vote in the business at hand, ranging from "investment decisions, remuneration to the worker owners, and other central business decisions."[62] In this way, the socioeconomic relationship amongst workers is democratic. While a hierarchy still exists in the differentiated roles necessary for the day-to-day operations of the university, all workers have the right to participate in the governance of the university generally, in an equal fashion.

Mondragon University reflects the broader spirit of worker cooperatization across the Mondragon Corporation. The network discourages enterprises from developing a culture of a "managerial elite."[63] Instead, managers are elected and can be recalled by workers. And while managers are rewarded with higher pay, their salaries are still low when compared to other non-cooperative organizations.[64] This is because most cooperatives in Mondragon democratically decide to limit pay ratios at roughly 6:1, usually setting the lowest wage at the average pay for the region.[65] Mondragon thus treats managerial positions much differently than traditional firms. While these roles are viewed as essential for executing the operations of the enterprise, they are not viewed as a springboard for status, power, or lucrative pay. Instead, workers join management to serve the cooperative, assume greater responsibility of its direction, and perhaps hone leadership or facilitation skills.

The general worker positions are different too. They are much more demanding than in other organizations, but also provide "the kind of activities and self-organization processes [that]

are more satisfying to members."[66] In this sense, a cooperative university fundamentally redefines leadership and responsibility. Instead of a small number of employees (managers) assuming an overwhelming volume of responsibility and oversight over complex issues, many of which they cannot address out of a sheer lack of time, in a cooperative, power is diffused and workers are empowered to govern themselves. In a cooperative university, in place of managers making decisions without worker input, all workers assume a portion of the responsibility for the governance of the institution. Success or failure in any endeavor is collectively owned. The antagonism between managers and subordinates is mediated by formal democratic venues in which workers wield real power. They can not only learn about the long-term planning and strategy of the university, but also directly guide it. This builds goodwill and worker buy-in, and contributes to a genuine sense of shared ownership and leadership for all workers involved. The ideals of employee ownership and democratic governance, then, are already alive and well in one university. The success of Mondragon – both its university and its vast network of cooperatives – speaks for itself.

Curiously, traditional business research seems little interested in this alternative model. For a higher education system constantly in crisis, it remains unclear why such a successful alternative model receives so little attention. One possible factor is that the cooperative approach runs so counter to the "common sense" best practices taught in business schools and economics programs across the country. This dubious logic assumes that purposefully undemocratic hierarchies led by non-working boards of trustees are natural, constitutive features of any well-run enterprise. The example of Mondragon University, however, challenges such assumptions. The university allows workers and students to learn new skills and enhance their own earning capacities not through "neoliberal reforms" but through a relatively straightforward cooperative practice.[67] The University educates students and facilitates technological developments for the

Basque region, while providing a dignified livelihood and workplace culture for its workers. While no one at Mondragon is lavishly enriched by their work, workers do own the university. Most essentially, they appropriate the surplus they produce. And through a culture of democracy and ownership, they provide the region and world with a remarkable example of a university. So too could The New School, should it follow Mondragon's lead.

Beyond Ownership and Democracy: Implications of a Cooperative University

A co-operative university would not only allow for broad-based ownership and collective governance, but also make possible the deliberation of numerous other issues affecting The New School and higher education more generally.

First and foremost, workers will be able to assess and control their own compensation. A cooperative facilitates a democratic approach to compensation questions and rethinks differences in compensation. Workers may well decide that staff currently employed full-time by the University making less than $45,000 a year, for instance, are not adequately compensated given the cost of living in New York City. Or they may decide to keep all workers' pay within a certain ratio, like the 6:1 ratio used by the Mondragon Cooperatives. Or they may decide to do nothing at all. The point is that workers will decide collectively. This stands in contrast to the university's current structure in which the Board retains the right to control pay, often delegating to management to determine the precise size and distribution of raises for workers. One example of why workers may provide more thoughtful deliberation is the Board's decision several years ago to grant a former University president the title of "president emeritus." With dubious responsibilities, this position came with a $400,000 to $600,000 a year salary.[68] This arrangement lasted for several years. During the final year of the agreement, the president emeritus collected $175,000 for zero hours of work per week.[69] This decision was created and

approved by the Board of Trustees, despite the university's longstanding financial hardship and chronic understaffing of administrative offices.

Whereas a Board of wealthy philanthropists may not be acutely aware of the difficulties of saving money and earning a reliable income in today's economy, cooperative workers of The New School will be. Their perspectives on compensation might reflect the serious decline in wealth among American families over the past ten years, even through the economic "recovery" of the past several years. Worker-members would understand intimately the economic trends affecting American families, who have seen their median net worths drop from $120,000 in 2007 to just $78,000 by the end of 2016.[70] Millennial workers and families (those with a head of household younger than 35) are especially conscious of these declines in wealth, seeing their median net worth plummet to an astonishing $1,250 in 2017.[71] Workers would not overlook these issues, as they are living them everyday. While the systemic nature of income inequality cannot be resolved solely by local solutions, the cooperative university could begin to acknowledge and address income inequality within its own operations.

Moreover, cooperatization provides workers with a unique ability to create a cultural and political transformation both in the workplace and in their communities. Research shows that successful employee ownership programs improve operational efficiency and productivity.[72] They are also proven to attract workers to companies and encourage longer tenures.[73] In ownership structures, workers demonstrate a stronger commitment to the organizational mission and exhibit reduced conflicts with management.[74] But beyond these direct improvements within the enterprise, new research suggests worker-owners are bringing their democratic skills honed in the workplace into their communities. Employees who participate in decisions about their tasks at work, and who are invited to voice their opinions about the direction of their company, are more likely to engage in a broad array of democratic behaviors in their communities.[75] This

relationship has been demonstrated to be just as strong as the widely accepted correlation between trade unions and political participation.[76] In this way, workplace democracy offers a new opportunity for re-igniting political participation.

Engagement in both the workplace and the community allows workers to distinguish organizational problems from societal problems. Workers in a cooperative understand that not all issues can be addressed solely within the internal organization of the enterprise. Because of the fiscal transparency and shared governance of the cooperative, workers own the budgetary pressures and obligations of their operations. Because the cooperative necessitates that workers also consider long term economic, political and social concerns that may influence the business, workers will be inclined to understand broad economic or political concerns affecting the cooperative. They will be inclined to act collectively outside of work to address the social issues or crises so clearly affecting their activities inside work. In this way, while the cooperative cannot address every issue, it does empower workers to begin addressing social problems in a new way. Counter to the atomized, exploitative culture of their current workplace, workers are incentivized to assume a broad ownership mindset. For example, in a cooperative, workers can understand fully the relationship between soaring healthcare costs and substantial increases in spending by the university, or how chronically underfunded public schools are not adequately preparing students for success in college, among others issues. In short, the cooperative model creates an ownership culture that helps workers see how issues external to the cooperative affect it. Workers can then take action in society to address them.

But workers are not the only new beneficiaries of a co-operatized university. Students too stand to gain substantially. One way this is possible is by students becoming working-members of the cooperative themselves, with the same privileges and ownership responsibilities as full-time faculty or staff. If students work at the university and meet the criteria for membership (by

accumulating a certain number of hours worked, for example), then in the same way that staff or faculty can own and vote as working-members, students too can participate in cooperatization. Student workers could participate in the governance of the university, and own its success, while bringing their unique perspectives and concerns to the same governance venues that other worker-members would.

Additionally, students could participate in cooperatization whether they are workers or non-workers. As students paying tuition, they could consider forming a buyer's cooperative, and collectively pool their strength as "consumers." This association might look something like a cross between a traditional buyer's cooperative (think the Park Slope Food Coop), and a working college, like Warren Wilson College or Berea College. In such a model, all students could work a certain number of compensated hours per week for the university to collectively reduce the overhead costs of administration. Students could earn voting rights to the cooperative board by nature of their labor that helps reproduce the university. As worker-members, they too would be able to elect representatives to the board that represent their interests and perspectives. Presumably such representatives would be keenly interested in addressing the student debt crisis, soaring tuition costs, housing insecurity, and a host of other pressing concerns that plague the New School student body. For the first time, then, students would be formally included in the governance and operation of the university, and student-workers would be formally recognized for the many ways they already allow the university to operate. In this way, through the cooperative university, students' perspectives are brought directly to the table. Through this formal integration, the university could move beyond its current token representation and generic acknowledgement of student concerns.

Finally, a growing body of research is exploring the role of "students as producers." This idea argues that students, like professors, "are involved as academic workers in the production of

critical-practical knowledge."[77] In short, students too contribute to the creation of knowledge within universities. Such an approach helps shift the common understanding of students' education away from one defined by passive consumption, and towards a dynamic process of knowledge-creation with others. This approach is especially helpful when considering research universities. Through the "student as producer" concept, a cooperative university may be inclined to formally recognize the work of students in creating knowledge through their research. A cooperative university could count research work completed by students as labor that contributes to the university's surplus. Thus, student research is another avenue through which the university can acknowledge student labor and incorporate student workers into its governance and ownership processes.

Creating a Cooperative Pedagogy

A cooperative university could also realize a new and desirable pedagogy for students and faculty alike. Akin to Dewey's emphasis on learning by doing, operating a university collectively demonstrates for students that an institution is not a morose mass of bureaucratic inertia, but an assembly of human beings attempting to act collectively, deciding on issues together. Including students in this process – inviting them to understand how workers facilitate discussions and formulate answers – is an invaluable lesson for professional development and leadership skillbuilding. Presently, instead of being encouraged to understand fully the finances and constraints of the university, students are left to make uninformed demands of the university leadership. They do so without much leverage or a clear articulation of what should change and how to change it sustainably. This is no fault of the students, but in fact a failure of the university to educate them. As the university offers little transparency in both its fiscal planning and decision-making processes, students can never fully learn how the school operates. Because many faculty and staff themselves are not included in these processes, they too cannot help

students formalize their desire for change beyond an outraged email, sit-in, or student newspaper exposé.[78] This student anger is usually met with great attention from university leaders -- attention that almost immediately dissipates upon the conclusion of the semester, until the issue repeats itself the next academic year, and students' anger boils over again into outrage. A cooperative university, on the other hand, folds the process of collective organizing into students' learning experiences. Students would be invited to make meaningful contributions to the direction of the school, which would offer them a unique environment for learning about budgetary and governance matters.[79] The model directly teaches students the skills necessary for successful ownership and democratic self-governance. In this way, a cooperative university could become an experience sought after by students interested in social justice and institution-building, most especially for students interested in learning about alternatives to capitalism.

In addition, the cooperative structure does more than just involve students in the governance of the university; it creates a fundamentally different pedagogical experience. Like bell hooks' argument for more equitable relationships between student-scholars and scholar-students, a cooperative university invites a new pedagogy of democracy and cooperation among faculty and students. Moving past antagonistic power dynamics, the university can initiate a more holistic, equitable approach to learning. Power relations among faculty and students, among faculty themselves, and between faculty and staff can be transformed by shared ownership.[80] At present, despite claims that the university offers an exceptional space for critical thinking, these relationships are often overlaid with depressing economic forces: the university charging students exorbitant tuition and fees; students amassing staggering amounts of debt, or working multiple jobs simply to pay rent; faculty and staff working full-time for substandard pay, or in dysfunctional, understaffed offices. Although the university aspires to be a place where "education is a practice of freedom," few community members have the economic security to be

free or self-actualized.[81] A cooperative university addresses these issues by offering a learning environment that is genuinely co-created and co-operated by all its stakeholders, from governance matters and finance to curriculum and seminar discussions. A cooperative university will be free to turn its attention away from the exhausting stream of new initiatives it must supply wealthy donors – initiatives that often fail to address the basic needs of students and faculty. Instead, a cooperative university prioritizes issues that its students, faculty and staff collectively determine to be most pressing, regardless of their fundraising "sexiness". We have already outlined how the cooperative empowers workers to implement solutions for the quotidian but essential human resources and management concerns associated with the workplace; there is no reason why a cooperative cannot similarly empower students and faculty to address pedagogical and classroom concerns.

Engaging Alumni and External Supporters

Finally, alumni, external supporters and even persons unfamiliar with The New School may be engaged by the school's cooperatization. For alumni and external supporters, the university could consider ways to ensure their representation on the cooperative board, while still protecting the right of workers, and workers only, to appropriate and distribute surplus. One method the university could consider is creating non-revenue-generating shares to be sold to alumni and external supporters, granting shareholders voting rights to elect a small number of alumni and outside representatives to the cooperative board. This grassroots model of fundraising and representation would provide a much more compelling appeal to donors, who would not only be contributing to a worthy cause by purchasing a share, but also earning the right to participate in non-fiscal cooperative operations.

Surprisingly, the NFL offers an interesting and successful lesson for the university in imagining the success of such a model. Unlike the other 31 professional teams that make up the

league, the Green Bay Packers have no majority owner. Instead, they are a shareholder-owned, non-profit corporation.[82] This public ownership model had modest roots: it started in 1923 as simple fundraising model to keep the team in Green Bay. Then owner, Curly Lambeau and five of his friends, sold 1,000 shares for $5 each at the local Elks club to keep the team in Green Bay. Today, the town has only grown modestly, to a city of only 105,000, but the popular Packers team remains because of an extraordinary culture of philanthropy among its fans. The team is now owned by 360,584 shareholders, who together own more than 5,000,000 shares.[83] Instead of relying on government tax breaks and steep ticket and vending prices for revenue (volunteers shovel the stadium's parking lot and staff the food stalls), the Packers finance major infrastructure projects simply by selling more shares to fans. In 2011, for example, to finance a major renovation and expansion of Lambeau field, the team initiated a rare stock sale (1 of only 5 in its history) and raised $64,000,000 in a matter of days, selling more than 269,000 shares at $250 a piece.[84] These shares are non-revenue generating, and the only associated right is the shareholder's ability to vote annually on the team's Board of Directors.

Academia may not provoke the same fanatical enthusiasm as a professional sports team, but a similar model could benefit alumni and supporters of The New School who want to learn about and participate in a cooperative structure. A cooperative New School could sell shares to interested supporters and alumni who want to support the university as a meaningful social experiment. Each share would entitle its owner to one vote in electing a certain number of alumni and external supporters directly to the cooperative Board. Like the Packers too, the University could easily cap the maximum number of shares owned by one person, and prevent any shares from passing onto another individual (Packers shares cannot be transferred and can only be sold to back to the team for $.25 per share). While these elected alumni and external representatives on the Board should not participate in decisions regarding compensation and

distribution of surplus, and should probably not exceed a third of the boards' total membership, they would be able to participate in other committee work, and provide important perspectives on a range of matters: from the long term vision of the university to how it can better engage the public through its programming and location in New York City, for example. Loyal alumni and individuals who respect and honor the unique history and mission of the The New School may be keen to actively participate in such a project. By selling non-ownership shares to the public, the university could ignite a grassroots fundraising campaign that proves tangible alternatives to capitalism do exist and can be support publicly.

In this way, a cooperative New School has the unique opportunity to pitch itself as a genuinely novel project in higher education, one that directly challenges the capitalist model. A cooperative university invites the support of a new generation of people interested in community projects and alternatives to capitalism. The New School would become an outlet for such experimentation, both tangibly for the workers and students involved, but also symbolically for alumni and persons interested in cooperatives. Moreover, the university could repurpose the current Board of Trustees to an advisory role or even encourage them to buy shares as external supporters, and if they wish, continue their service on the Board through the election process. In general, such a fundraising model challenges the basic logic of philanthropy today, in which the exorbitant wealth of a handful of individuals buys enormous influence, power and control over non-profit institutions.

Challenges of Cooperatization

While this paper seeks to make clear the tangibility of a cooperative university, what are the means and processes by which such a structure could come about? What are some of the essential steps the university would need to take to initiate a transition to a cooperative? The first and most obvious would be to form a working group of interested faculty and staff. This group

would be tasked with further researching the cooperative model as it would apply to The New School. This group could not only investigate the structural and financial implications of such a transition, but partner with external groups who specialize in helping organizations transition to worker-owned structures. These groups include the long-standing and well-respected ICA Group in Boston, but several other organizations too. The National Center for Employee Ownership, The Working World, and The Democracy at Work Institute, for example, all offer assistance to organizations considering a new ownership model. Through consultation with these advisors, the working group could draft a formal proposal, which could then be shared with a larger group of staff and faculty for additional input and discussion. The University could also consult with Mondragon University, which is interested in expanding its cooperative model around the globe. It has even recently expanded its university operations to Mexico. Such a partnership would provide key insights into how cooperatives work best in university settings. The New School could tap its own in-house talent, too, drawing on the expertise of renowned cooperative experts like Professors Richard Wolff, Trebor Scholz, and others. Ultimately, though, any progress or proposal for cooperatization would need to be brought to the Board of Trustees, the only executive body empowered to formally adjust the bylaws of the university. This group would have to be engaged directly and thoughtfully, and addressed with sincerity and bluntness as to why cooperatization better serves the university and its future. With only several changes to the bylaws, and the incorporation of a new financial body to facilitate the university's new ownership structure, the Board can dissolve itself and re-organize as a cooperative.

These steps, however, represent only the most obvious and practical means necessary to cooperatize. The most essential and necessary component of any such transition is engaging a broad base of workers to consider and ultimately call for cooperatization. Beyond the initiative of any working group or external advisors, the workers of the university as a whole must want to

cooperatize, and must organize themselves accordingly. There can be presentations, open forums, and even workshops to teach workers about cooperatization, but a proposal can only gain momentum once workers understand and begin to organically advocate for the cooperative model. In this sense, any decision by the Board of Trustees to cooperatize the university would be the very last step in a long discussion and campaign led by students, faculty and staff alike. A decision to cooperatize would thus not come as a top-down decision, but instead be the direct result of a groundswell of support by workers who want to own and operate their workplace.

The necessity of a broad-based campaign raises the question, and profound challenge, of who would be interested in working at a cooperative university. After all, successful cooperatization means workers themselves become owners. This requires workers to fundamentally reinterpret their relationship to work, and assume a level of ownership that perhaps they may neither understand nor want. One can imagine how many workers have grown accustomed to, at no fault of their own, the rules of the capitalist structure: complete the tasks assigned to your portfolio of work and, in return, collect a salary, a healthcare plan, and occasional paid time off. This renting relationship provides no ownership or democracy, but is a well-trodden dynamic. The antagonism of the employer-employee relationship is all that many workers have come to expect from their workplace. It is an arrangement they must first adjust to, perhaps with many grievances and frustrations, but over time, slowly come to know and expect. Many workers too have spent significant emotional energy crafting the necessary interpersonal and psychological skills to make this forced arrangement work. Uprooting these arrangements, changing a forced dynamic that has either been accepted long ago or never truly acknowledged, is no easy task. Developing a healthy workplace environment in which collective ownership and democracy are made central is not just a new idea to workers - it may be an entirely foreign concept, or even bizarre, maybe even frightening. Again, then, a broad campaign – one of, by,

and for workers – must emerge to engage workers across the university, help them understand the salient issues, acknowledge entrenched mindsets, and reset the forgotten aspiration that the workplace need not be exploitative and unhealthy.

Other challenges abound. Different generations of workers conceive of collective work in different ways. The Cold War especially shapes some of these perspectives, with some workers viewing shared or socialized ownership as "communist," by which they may mean fascist, un-American, or a host of other confused connotations. Posing an additional problem is the status of unionized versus non-unionized employees. Workers will have to determine how this distinction would take shape in a cooperative structure, and what role a union would play in a cooperative of worker-owners. Likewise, the status of tenured versus non-tenured employees may also need to be sorted. Could a cooperative university only grant tenure to some owners (professors) but not others? Additionally, it remains unclear how the cooperative model would be able to substantially address the systemic pressures that result in increasing costs of operating a university (rent, real estate, healthcare, etc.), and the subsequent rise in tuition needed to finance operations. While certainly better equipped to directly address these issues, a cooperatized New School still needs to pay the bills. Workers advocating for cooperatization will need to understand these challenges and integrate them into their expectations of what a cooperatized university can accomplish in the short term.

Stepping back, another challenge emerges when considering that even if The New School cooperatizes itself, the university will still exist within a globalized, capitalist, neoliberal political economy. While a new university structure would offer an alternative means of production – one that fundamentally transforms the enterprise out of a capitalist, exploitative model and into an collectively owned structure – the university would remain an island of cooperation in a sea of capitalist exploitation. Like the workers in Mondragon's network, New School workers will have

to rectify the multifaceted ways their work, while not exploitative in and of itself, still depends on and interacts with exploitative supply-chains, other capitalist enterprises, and a globalized capitalist system.[85] A cooperative university will need to remain cautious of how it may invite exploitative logic back into its daily operations.

Similarly, cooperatization does not immediately address the concern that higher education remains a commodified good. While almost any college student or graduate can attest to the fact that "buying" a college degree is in no way a simple market transaction akin to buying a car, higher education today, even if cooperatized, is still subject to the realities of the marketplace, forced into advertising itself as a commodity worth purchasing.[86] Whether higher education should exist in this realm, or be transformed into a right, is an important consideration, with major implications for how education might be financed and serviced. Moreover, as long as higher education remains commodified, students will continue to fall into and assume the role of consumers. This approach contrasts with and even offends the spirit of education: to exist not as a product for consumption and fetishization, but rather as an experience in which students produce knowledge for themselves and/or others. Presently however, we do not live in a world that has prioritized higher education as a right such that any person interested in pursuing it can do so financially. Given its clear-eyed focus on surplus and production, however, a cooperative university can begin to acknowledge this problem. Despite education's forced arrangement with the market, commodifying itself in order to raise the funds necessary to operate, worker-owners can move towards creating a university that exists outside of the realm of commodification altogether. This model may need to look to tuition-free schools for inspiration, or invent other means of commodification that do not require courses be the necessary product that generates revenue. Perhaps a call to cooperatize state-funded universities, paired with a rigorous public re-investment in higher education, would be one avenue through which education could be both de-

commodified and cooperatized in the near future. Regardless of the exact means however, through cooperatization at The New School, and a careful assessment of its impacts, higher education can begin to consider these questions. In this way, cooperatization could make possible the beginning of a long process of decommodification.

Conclusion

> "We live in capitalism. Its power seems inescapable. So did the divine right of kings. Any human power can be resisted and changed by human beings. Resistance and change often begin in art, and very often in our art, the art of words." – Ursula K. Le Guin, Speech at the National Book Awards

The writing of Ursula Le Guin is situated squarely in the realm of science fiction, not social research. Yet her works belie a shrewd analysis of the present, a necessity for imagining an alternative future. In this way, her writing is not dissimilar from the imaginative elements of social research. As Le Guin knew intimately, sometimes words can be used to confront a seemingly unstoppable inertia, to propose that something else is possible. Inspired by this sentiment, this paper uses words to make evident the possibility for change. While some may view this speculative prose derisively, as a science fiction of sorts, to others I hope it may inspire a sense of hopefulness. After all, the optimism offered by the cooperative movement is growing, and for good reason: the tangibility and good sense of its practices allow for solutions to many previously intractable problems.

Though cooperatization may be a novel idea for The New School, the idea of the worker cooperative has already arrived. A generation of unemployed and underemployed young people are seeking new arrangements. They have little to lose: they have accumulated almost no wealth relative to their baby boomer predecessors, and made slow job progress, if at all. They have been inculcated into a system that offers assurances down the road, but which delivers only staggering amounts of indebtedness, meager employment opportunities, and insecurity today. In this light, younger generations' keen interest in radical economic alternatives is hardly surprising.

Existing cooperative businesses are finding success, too. Emerging initiatives, from Cooperation Jackson to the Platform Cooperativism Consortium, are joining more mature enterprises like Equal Exchange, the Evergreen Cooperatives, and others. The New Era Windows and Doors company, a Chicago based manufacturer bought by its employees to avoid closure in 2008, is but one demonstration of the newfound power of workers applying the cooperative model. The company successfully transitioned out of a capitalist model that sought to move operations elsewhere, avoided layoffs, and instead reorganized itself as a cooperative enterprise still in operation today.[87]

This momentum suggests an increasing willingness among Americans to interrogate capitalism and its claims. The unexpected success of Bernie Sanders belies this burgeoning, formerly subterraneous interest. In the 2016 presidential primary debates, the candidates were even asked in a primetime national debate if anybody on stage "was not a capitalist."[88] Such a question was unimaginable even four years earlier. The concept of capitalism has thus gone from something invisible, to a topic of national concern. The acceleration of globalized inequality has thrust these critiques into the mainstream. As inequities only worsen, so too will the questioning of capitalism only deepen and expand.

The New School would do well to pick up these deliberations. As a university that prides itself as on the forefront of economic and political thinking – as a place that is both progressive and avant-garde – the questioning of capitalism and the consideration of its alternatives should be leading our research pursuits and student training. In doing so, the university would become a recognized center for educating a new generation of scholar-activists, who can genuinely "rethink everything." And through considering its own co-cooperatization, the university would satisfy a hunger among students craving participation in tangible political experimentation. After all, students come to university looking for an unconventional education. The practice of

cooperative ownership and governance makes real the promise of a New School. Cooperatization involves students in collective action and decision-making. Such practices invite students to become comfortable with the complex, even contradictory dimensions of social life and political action. The dynamism of cooperatization becomes a fundamental pedagogical feature of learning, in a way that cannot be matched by traditional universities.

The New School, however, must first address the cultural dimensions of cooperatization for its current workers – students, faculty and staff alike. A cooperative university can only thrive among workers who are genuinely invested in ownership. While the idea of cooperatization may be appealing to stakeholders in theory, workers must be willing to accept responsibility for all the inherent tradeoffs, dilemmas, and imperfections of a cooperative approach. A new structure alone cannot deliver change. Only the workers who commit to it can actualize a transformation. In this way, the workers must decide themselves to reorganize, to democratize and take ownership of their workplace. The breadth of contemporary problems demands action. In cooperatization, workers may find that they can breakout of an unsustainable model, and use a fundamentally new approach.

The relative simplicity of the cooperative idea helps this fundamental change take footing. Looking beyond the labels of Marxism or communism – and thinking past any entrenched orthodoxy, or specialized framework – emerges a simple, profound proposal in cooperatizing: empowering people with the resources and structure to govern themselves. Such an approach moves away from the individualistic, career-driven corporate model, in which workers are justified in putting their interests ahead of the organization. The cooperative model instead moves towards a pro-social, democratic organization in which any one employee's success is owned and expanded by their colleagues; where pro-active ownership of a problem is not the trait of a uniquely exceptional employee but a responsibility of every worker; where

hierarchy is not a shield against dissent, but a democratic responsibility to listen to subordinates; where collective action is, in fact, self-protection.

Through the idea of the cooperative, The New School can be a university that once again gives home to the living spirit – one that is democratic, invested, flourishing. It behooves the workers of The New School to pick up the question of cooperatization. The answer is theirs to deliberate, produce, and own.

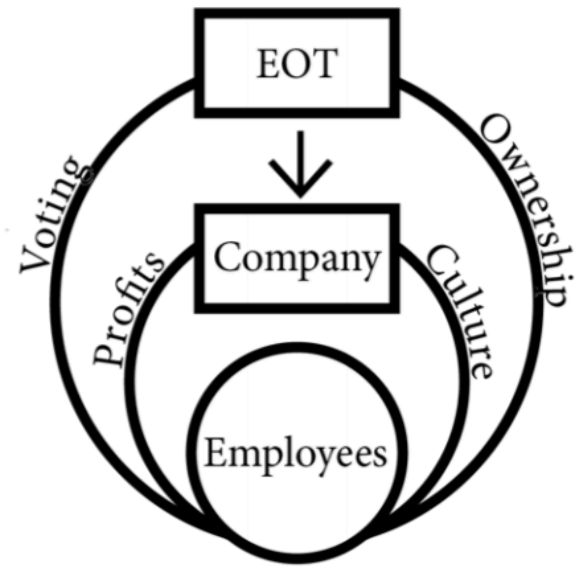
Appendices

Appendix 1: Moving past "for-profit" and "non-profit"

As a mission-based institution recognized as a 501c3 organization by the IRS, the University is exempt from federal income tax. While these types of 501c3 organizations are commonly referred to as a "non-profit," the university still operates like any revenue-dependent enterprise: it must earn at least that which is spends, if not more, to remain a solvent organization lasting in perpetuity. It must operate as a profit generating organization. The difference, in the eyes of the IRS, is that the university does not have an obligation to maximize profits or shareholder value, and instead uses its profit, or surplus, to advance its educational mission. The University cannot distribute its surplus as a dividend directly to trustees or employees (see the IRS for "The Inurement Prohibition"), but can, like any organization, reward staff performance with bonuses, raises, perks, etc. Hence, the university is a "non-profit" only in the sense that it does not seek to maximize profit to be distributed directly to workers or investors for enrichment. The government has determined that these organizations provide a service in the public's interest, enough so that the organization should be exempt from income tax in order to advance its mission, bettering society.

From a Marxian economic perspective, most enterprises today use one model to organize themselves: the capitalist approach in which producers and appropriators are purposefully distinct groups. Almost all enterprises, for-profit and non-profit, use this model to manage their business. Only the appropriators decide on strategic priorities – how to produce goods and services, how to reward workers, how to respond to technological developments, how to expand or contract operations, how to address societal and ecological concerns (if at all), and other issues. While it is true that some organizations are organized to focus more explicitly on profiting for employee benefit, or alternatively, focus on fulfilling a particular mission instead of creating financial reward for employees, in either case, the internal organization of the enterprises remains the same. In both instances, the producers of surplus and the appropriators of it are separate groups. As a result, this paper is less interested in some of the more common axes used to understand organizations: for-profit vs. non-profit, or public vs. private. Instead, this paper seeks to address the distinction between capitalist and non-capitalist modes of organization. This framework is the foundational distinction for understanding an enterprise from a Marxian perspective. Other characteristics are secondary.

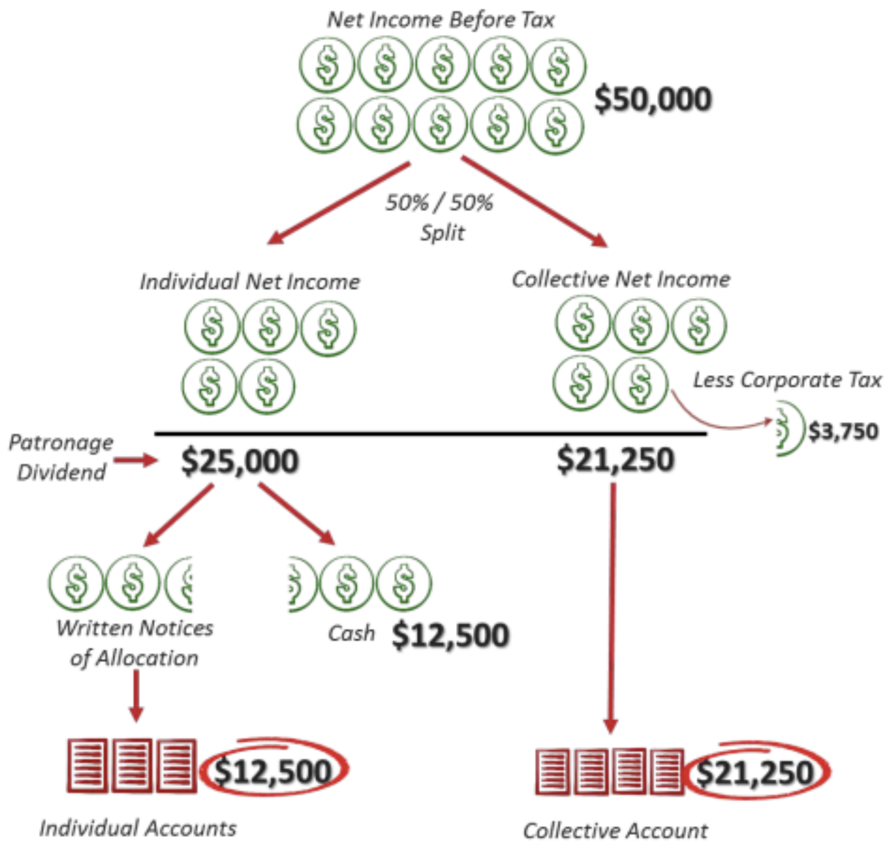
Appendix 2: Graphic of Employee Owned Trust Model



(Source: Chris Michael, Presentation at the National Employee Ownership Conference, 2018)

This model demonstrates how the trust holds the company – its profits and culture – under its direction through the voting and ownership rights of its employees.

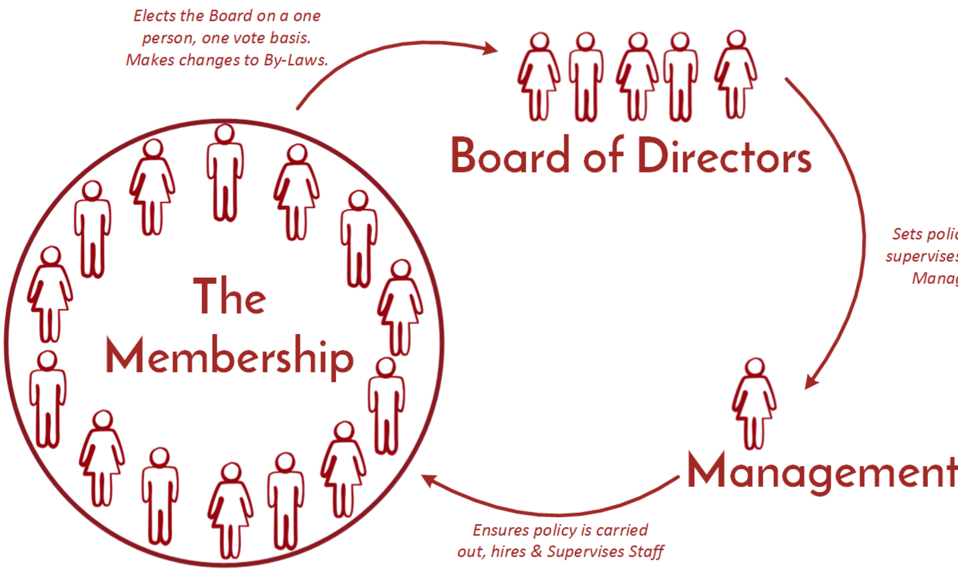
Appendix 3: Graphic of Internal Accounts Model



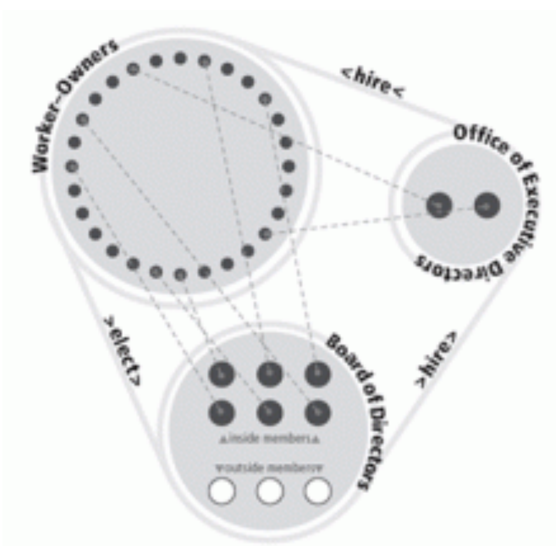
(Source: ICA Group, *Internal Accounts*)

This illustration traces how surplus moves in an internal accounts cooperative model, and the decisions cooperatives must make when distributing surplus: how much to retain in the collective account versus distribution in individual accounts of workers, and how much to distribute as cash versus an allocation to be claimed by employees later.

Appendix 4: Two Graphics on Democratic Governance within a Worker Cooperative



(Source: ICA Group, *Democratic Governance*)



(Source: Equal Exchange, *Worker Owned*)

Both models demonstrate the interactive nature of a cooperative, in which three distinct bodies hold each other in check. The dotted lines in the second model, a depiction of the internal organization of the Equal Exchange cooperative, emphasize how workers retain the right to govern the cooperative not just as worker-owners, but by taking on different positions with the co-op itself: either by moving into a management role (through promotion), or by serving on the board of directors (through election).

Appendix 5: Elaboration on productive versus unproductive workers

"Productive workers" in Marxian surplus analysis are defined as those who directly create the commodity that creates surplus. "Unproductive workers" are defined as workers who are essential for the operation of the organization, but who do not contribute directly to the production of the commodity. Yet, what constitutes the exact "good" that a university sells to "consumers" is a complicated question. Whereas traditional Marxian analysis would argue that the academic course encompasses the specific commodity marketed by a university (Curtis, 83), implying that only the professors who teach courses are the "productive workers," this paper advances a broader definition of the commodity of education. If the commodity of a university is the student experience of reading, writing, researching and practicing in curated spaces with purposefully selected professors, peers, and professionals, then the commodity of education is in fact a much more fluid concept. If a university provides the service of broadening a student's knowledge through both traditional learning, advising, and professional experiences, then the staff and faculty of a university co-create the commodity offered to students. The commodity in this sense is more an experience of university life than a tangible product. Faculty and staff co-create the conditions necessary for this process, through clean and secure spaces, facilitated internship opportunities, administrative operations that ensure effective and efficient, etc. In this sense, intellectual and physical labor combine to create the commodity, an experience, acquired by students through tuition. Of course, the question of whether this dynamic process ought to be commodified at all is an important consideration, addressed later in the challenges section of this paper. But as commodification pertains to the issue of who creates the university's surplus, making clear the complicated nature of production is important. As mentioned in the paper, one could even elaborate on how student workers and student research also create the surplus of the university.

As a result of these complications, this paper argues that all categories of workers who meet the minimum membership requirement set by the cooperative university (either in terms of length of service of number of hours worked) should be eligible to vote for and serve on the governing board of the university. They should all be able to participate in decisions directly related to the appropriation and distribution of the surplus. They should all participate in democratic governance. In this sense, all workers at the university are considered "productive" for the purposes of this paper. Certainly however, further theoretical exploration is needed to understand the interaction between the democratic process and Marxian surplus analyses, and better articulate the important distinction between productive and unproductive laborers.

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